

Multiple Agency Fiscal Note Summary

Bill Number: 5400 SB

Title: Geoducks

Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Natural Resources	Indeterminate					
Total \$	0	0	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	4.0	0	4,812,100	4.0	0	4,412,200	4.0	0	4,412,200
Total	4.0	\$0	\$4,812,100	4.0	\$0	\$4,412,200	4.0	\$0	\$4,412,200

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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Date Published:

Final 2/21/2003

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 5400 SB	Title: Geoducks	Agency: 477-Department of Fish and Wildlife
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Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Genevieve Pisarski	Phone: (360)786-7488	Date: 02/03/2003
Agency Preparation: Morris Barker	Phone: 360-902-2826	Date: 02/05/2003
Agency Approval: Dora Austin	Phone: 360-902-2203	Date: 02/06/2003
OFM Review: Jim Skalski	Phone: 360-902-0654	Date: 02/10/2003

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 3 – Requires leases be granted below 70 ft mean low water. This will likely require a rule modification in FY 2004.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

May affect ALEA revenues available to the department. Amount not identifiable.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Small costs associated with a rule change required to implement this bill in FY 2004 will be absorbed within current budget.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3 – Requires leasing of geoduck bed to go below 70 ft.

Individual State Agency Fiscal Note

Bill Number: 5400 SB	Title: Geoducks	Agency: 490-Department of Natural Resources
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Indeterminate Impact

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	4.0	4.0	4.0	4.0	4.0
Fund					
Resources Management Cost Account-State 041-1	2,607,200	2,204,900	4,812,100	4,412,200	4,412,200
Total \$	2,607,200	2,204,900	4,812,100	4,412,200	4,412,200

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Genevieve Pisarski	Phone: (360)786-7488	Date: 02/03/2003
Agency Preparation: Marcia Wendling	Phone: (360) 902-1259	Date: 02/06/2003
Agency Approval: Fran McNair	Phone: (360) 902-1000	Date: 02/21/2003
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/21/2003

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill proposes to modify RCW 79.96.085 and add sections to RCW 79.96.

The changes direct that the state and tribes must provide labor and equipment necessary to reseed publicly owned aquatic lands after geoduck harvesting. In addition, the department must then offer to lease these lands to private parties for the purpose of reseedling and cultivating geoducks. Lastly, the department shall lease lands beyond seventy feet mean low water for geoduck harvesting.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The cash receipts impact of this bill is indeterminate at this time.

Currently, the department does not lease land for geoduck cultivation, nor does it authorize harvesting beyond seventy feet.

Addition questions that would need to be resolved to determine an impact include:

- 1) How much of the resource would be available for state commercial harvesting
- 2) How much of the resource would be converted to private cultivation
- 3) How to value a lease for geoduck cultivation
- 4) Impact to the sustainable harvest calculations
- 5) Impact to tribal rights to naturally occurring shellfish

Revenue generated by the authorization of commercial harvesting of geoducks generates between six and ten million annually. This is distributed equally between the Resource Management Cost Account (041-RMCA) and the Aquatic Lands Enhancement Account (02R-ALEA).

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

All costs have been rounded to the nearest one hundred dollars.

Assumptions used for the fiscal impact include:

- 1. Geoduck seed will be purchased from an outside vendor.
- 2. Reseeding will be done by a contractor under a purchased service contract.
- 3. There will be an average of three, one-acre beds, reseeded each year, based on Budget Office estimates.
- 4. A new State Environmental Policy Act (SEPA) review would need to be conducted, including an updated Environmental Impact Statement (EIS) or Management Plan.

The cost of seeds and the contract labor to plant the seed are based on the following: The estimated cost of geoduck seed ranges from \$0.20 to \$0.50 each (\$0.35 average). With estimates that 1 million seed are necessary for each re-seeding effort (assuming roughly a one-acre bed), purchasing seed would cost \$350,000 per bed seeded. The cost of the contract to plant the seed is based on commercial dive rates of \$50/hr plus \$1/ft of depth per hour per diver (35 foot average depth = \$85/hour). Seed planting has been estimated at 5 –10 seed per minute/diver (7.5 seeds per minute average). The estimated cost of contract reseedling per bed, assuming an average depth of 35 feet, and a diver planting 7.5 seeds per

minute equals (1,000,000 seeds / 7.5 seeds per minute / 60 minutes per hour * \$85 per hour) equals about \$189,000. The cost of reseeding a bed with 1 million seed would be \$350,000 for the seed and \$189,000 for the dive labor, for a total of \$539,000. It is assumed that an average of 3 beds would be reseeded per year for a total purchased service contract cost of \$1,617,000.

By opening the sub tidal areas to harvesting, there will be the need for increased enforcement capabilities to ensure harvesters do not harvest in areas other than those allowed. Currently, all sub tidal harvesting is done by the state, tribes or poachers. By adding sub tidal aquaculture leases to the sub tidal areas, the opportunities of poaching on state lands increases significantly, by inadvertently or deliberately straying over boundary lines or poaching under the appearance of conduction aquaculture. Therefore, the costs of an additional dive/enforcement team are included.

The costs for an addition dive team is as follows:

Salary is based on four additional staff, two at the Land Manager 1 classification (range 43, step F) and two at the Land Technician 2 classification (range 39, step F). Benefits were calculated at 27% of salaries. In addition, the team would need a vessel, truck, trailer, dive equipment, one laptop computer, two desktop computers, travel, and general goods and services allowances. The vessel is estimated to cost \$220,000 initially, with monthly maintenance estimated at \$3,000 per month. The truck is estimated to cost \$32,000 initially with monthly maintenance estimated at \$250 per month. Dive equipment is estimated at \$4,000 per diver with an estimate of \$2,000 needed every other year for repairs and maintenance. The total cost for computers is estimated at \$6,000. The estimate for travel and general goods and services is based on the Aquatic Resources Program average of \$2,500 for travel and \$3,200 for goods and services per FTE.

An estimate of \$100,000 in object E is being used as a placeholder for SEPA review and updating of the Geoduck EIS and management plan.

An indirect charge of 19.3% was included as an Intra-Agency Reimbursement cost to cover agency administration.

Alternative two includes the following assumptions:

1. Geoduck seed will be purchased from an outside vendor.
2. Reseeding will be done by a contractor under a purchased service contract.
3. There will be an average of three, one-acre beds, reseeded each year, based on Budget Office estimates.
4. A new State Environmental Policy Act (SEPA) review would need to be conducted, including an updated Environmental Impact Statement (EIS) or Management Plan.
5. An additional dive/enforcement team would not be required, only oversight of the re-seeding effort.

Salaries and benefits were based on the assumption that additional Department staff will be needed to do compliance on the contracted reseeding effort. It's estimated that the reseeding of 1 bed will take 1 million seed, and a contract diver can plant 5 to 10 seed per minute (7.5 average), and it would take two divers working 8 hours per day 138 days to reseed one bed. It is estimated that 2 compliance staff would have to be there for 10% of the reseeding time or 14 days per bed seeded. Estimating 189 days are available per FTE to be on site, this would require (14/189) or 0.07, rounded to 0.1 FTE, per bed. Two compliance people per bed seeded equals 0.2 FTE per bed. It's estimated that 3 beds would be seeded per year equaling a total staff time impact of 0.6 FTE per year.

Goods and Services were based on agency averages per FTE plus the cost of 2 purchased service contracts; one to buy the seed and the other to have it planted. The estimated cost of geoduck seed ranges from \$0.20 to \$0.50 each (\$0.35 average). With estimates that 1 million seed are necessary for each re-seeding effort (assuming roughly a one-acre bed), purchasing seed would cost \$350,000 per bed seeded. The cost of the contract to plant the seed is based on commercial dive rates of \$50/hr plus \$1/ft of depth per hour per diver (35 foot average depth = \$85/hour). Seed planting has been estimated at 5 –10 seed per minute/diver (7.5 seeds per minute average). The estimated cost of contract reseeding per bed, assuming an average depth of 35 feet, and a diver planting 7.5 seeds per minute equals (1,000,000 seeds / 7.5 seeds per minute / 60 minutes per hour * \$85 per hour) equals about \$189,000. The cost of reseeding a bed with 1 million seed would be \$350,000 for the seed and \$189,000 for the dive labor, for a total of \$539,000. It is assumed that an average of 3 beds would be reseeded per year for a total purchased service contract cost of \$1,617,000.

Travel for the compliance team is based on current program averages per FTE.

Capital outlay cost is estimated based on the purchase of two pickup trucks for the compliance teams. It is assumed that the purchased services contract would include language requiring the contractor to transport the compliance team to and from shore to the seeding site for inspections.

An indirect charge of 19.3% was included as an Intra-Agency Reimbursement cost to cover agency administration.

To summarize alternative two:

Salaries: \$20,000 per year (.6FTE)

Benefits at 27%: \$5,00 per year

Goods & Services:

Seed and labor: \$1,617,000 per year

Other G&S: \$2,000 per year

Travel: \$2,000 per year

Equipment:

One time – two trucks: \$37,000 total

Indirect at 19.3%: \$318,000 (object A, B, E and G)

Total: \$2,001,000 year one and \$1,964,000 year two and beyond

Additional alternatives could be developed based on different assumptions. The costs will vary depending on what assumptions are used.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years	4.0	4.0	4.0	4.0	4.0
A-Salaries and Wages	133,400	133,400	266,800	266,800	266,800
B-Employee Benefits	36,000	36,000	72,000	72,000	72,000
C-Personal Service Contracts					
E-Goods and Services	1,794,800	1,668,800	3,463,600	3,339,600	3,339,600
G-Travel	10,000	10,000	20,000	20,000	20,000
J-Capital Outlays	252,000		252,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	381,000	356,700	737,700	713,800	713,800
Total:	\$2,607,200	\$2,204,900	\$4,812,100	\$4,412,200	\$4,412,200

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2004	FY 2005	2003-05	2005-07	2007-09
Land Manager 1	34,932	2.0	2.0	2.0	2.0	2.0
Land Technician 2	31,740	2.0	2.0	2.0	2.0	2.0
Total FTE's		4.0	4.0	4.0	4.0	4.0

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None